

**MINUTES OF THE
NATURAL RESOURCES APPROPRIATIONS SUBCOMMITTEE
January 17,2007
Room W130, West Office, Building, State Capitol Complex**

MEMBERS PRESENT: Sen. Dennis Stowell, Co-Chair
Rep. Ben Ferry, Co-Chair
Sen. Margaret Dayton
Rep. Roger Barrus
Rep. Jack Draxler
Rep. Carl Duckworth
Rep. Kerry W. Gibson
Rep. James R. Gowans
Rep. John G. Mathis
Rep. Michael E. Noel
Rep. Steve Sandstrom

MEMBERS ABSENT: Sen. Mike Dmitrich and Sen. John Valentine

STAFF: Ivan Djambov, Fiscal Analyst
Diane Obeshaw, Committee Secretary

Note: A list of visitors and a copy of handouts are filed with the committee minutes.

SPEAKERS: Budget Analyst Kim Rodella, from the Governor's Office of Planning Budget, Public Lands Policy Coordinator, Lynn Stevens, Financial Mgr. Sandy Nagel, from the Governor's Office, Executive Director Mike Styler, Dept of Natural Resources Admin, Financial Director Dennis Carver, Dept of Natural Resources, Chairman Ellis Ivory, This Is The Place Foundation, Director Jerry Olds, Div of Water Rights.

Rep. Ben Ferry called the meeting to order at 2:12 p.m. and welcomed the members of the Department of Natural Resources (DNR).

Kim Rodella presented the DNR operating budget including ongoing and one-time adjustments for the various divisions. She presented the committee with a handout from the governors office detailing the funding.

Ivan Djambov, Fiscal Analyst explained to the committee how to use the information provided in the Natural Resources binder that he provided. He then gave an overview of the DNR budget including funding sources, and the percentage of the budget to be given to the different agencies of the DNR. The base budget for 2007 has become the base budget for 2008. He also provided a handout for the committee with a summary of recommended funding increases.

FY 2006 was the first full year of operation for the Public Lands Policy Coordination Office. Mr. Djambov reported that during that year the agency spent all of its General Funds and a

portion of the restricted funds. At the end of the fiscal year, the Office carried forward \$1,179,300 into FY 2007 and returned \$677,600. back to the Constitutional Defense Restricted Account.

In reviewing the FY 2006 expenditures, the Analyst had concerns regarding the Offices's travel expenditures. For example, the In-State Travel expenditures in FY 2006 seemed high (5-15 times higher) when compared to the travel per FTE in agencies such as the Division of Wildlife Resources, Water Rights, Department of Agriculture, or SITLA. For FY 2007, the Office has increased its In-State Travel budget by 14 percent. The budgeted amount for Out -Of-State Travel for FY 2007 is almost four times higher than the FY 2006 amount.

Mr. Djambov stated that even though much of this travel may be justified, it is concerning that after 20 months of operations, the Public Lands Office has not developed a set of measurable performance indicators. Therefore, it is difficult to support certain levels of expenditures with no means to justify them. The Analyst recommends the Committee direct the Public Lands Coordinator to report to the Natural Resources Appropriations Subcommittee before July 31, 2007 on the progress of the development of performance measures.

Director Lynn Stevens, assisted by Sandy Negel presented the budget needs for the Department of Public Lands. They provided the committee with a handout that gave a diagram of funds to the Public Lands Policy Coordination Office and the Constitutional Defense Council.

The Fiscal Analyst, presented the line items in the DNR Administration budget. He covered the DNR Administration line item. He shared that the mission of DNR Administration is to ensure coordination and cooperation of the Natural Resources Divisions and to provide quality administrative support. The functions within this line item include: Executive Director's Office, Finance, Auditing, Public Affairs, Law Enforcement oversight, and the Bear lake Regional Commission. DNR has requested for FY 2008 an authorization to make the following transfer of ongoing General Funds to the DNR Administration line item: \$48,000 from the Div of Forestry Fire and State Lands, \$23,500 from the Div of Wildlife Resources, \$23,600 from the Div of Parks and Recreation. The total amount of General Funds transferred to DNR Administration line item will be \$9,100 in which the Analyst recommended to the Committee.

He then discussed the DNR Internal Service Funds (ISFs), Warehouse, Motorpool, and Data Processing. ISF's provide specific services to multiple agencies. In FY 2008 the DNR Motorpool ISF will be absorbed by the Division of Fleet Operations in the Dept of Administration Services. Mr. Djambov recommended for the DNR Internal Service Fund Program for FY 2008 total revenues of \$810,000 from Dedicated Credits, the rates, and 2 FTEs as outlined in the Budget Detail Table.

The Fiscal Analyst continued with information about the DNR Watershed Initiative. He shared how this line was created last year to account for the funding appropriated to DNR for

watershed and habitat improvements. Prior to this line item, the Legislature appropriated to DNR Administration line item a total of \$4 million one-time from the General Fund for watershed. During the 2006 General Session the Legislature passed H.B. 47 "Sales Tax Diversion for Water Projects and Water Financing" which provided additional \$500,000 ongoing Dedicated Credit revenues to this line item. He also stated the Accountability Detail in which DNR was able to add to the \$2 million appropriated for FY 2007, additional \$9 million from federal, state, and local governmental agencies, as well as from private organizations. The administrations plan is to treat more than 140,000 acres throughout Utah by end of FY 2007.

Mr. Ivan Djambov, went on to discuss the DNR Species Protection. He shared what the purpose of that program was for and informed us about the Completion of its Projects. He ended this topic with a request from the Program administration for FY 2007, a supplemental appropriation of \$414,200 from the Species Protection restricted account, in which the Analyst recommends the Committee fund this request.

The next item of issue was the DNR's Building Operations. The Analyst stated how the new DNR building was financed through a revenue bond, with bond payments roughly equalling the old rent payments. Approximately \$980,000 of this program's funding goes for bond payments and the remainder for maintenance, utilities, etc. through DFCM.

DNR Director Mike Styler requested an opportunity to present two issues that were not on the agenda. Chairman Ellis Ivory and Director Matt Dahl of This Is The Place Foundation presented budget issues for the foundation, they also detailed accomplishments of the foundation and how previous funding for the park was used.

Mr. Styler made a request for additional funds. He explained the needs for approximately 18 monitor wells as well as salary increases for the high employee turnover costs his division was experiencing. He also stated that the benefits his employees are getting are better than what Federal employees are getting and that his employees are very appreciated for that.

Ivan Djambov introduced the budget and the requests for funding for the Division of Water Rights. The Analyst recommended the Committee appropriate ongoing \$65,000 from Dedicated Credits for the new Title Specialist position.

The Fiscal Analyst reported that the Southern Nevada Water Authority, which supplies with water the fast growing area around Las Vegas, is planning a ground-water pumping project to divert 25,000 acre-feet from Snake Valley, which is on the Nevada/Utah border. Federal legislation requires the two states to enter into an agreement before any water is taken out of the basin. In FY 2007 the Division of Water Rights was directed to provide all available resources and help Utah protect its existing water rights. In this process the Division has incurred additional expenses and it requesting a supplemental appropriation. The Analyst recommends the Committee consider placing on its funding priority list a request for \$60,000 from General

Fund as a supplemental appropriation for FY 2007.

Director Jerry Olds, Div of Water Rights discussed four issues important to them. 1) Sales Tax Funding, 2) Reports of Water Right Conveyance, to hire staff to process the reports and to expedite the processing of the reports 3) Water Distribution Automation, the system they use to divert and read water out of canals automatically 4) Why they haven't spent their money? Snake Valley has consumed them this past year.

Co Chair Ben Ferry, reminded all visitors and committee members about the Rules Caucus Meeting this Friday morning.

MOTION: Representative Gowans moved to adjourn the meeting at 5:07 p.m. The motion passed unanimously with all members present except Sen. Valentine.

Rep. Ben Ferry, Co-Chairman

Sen. Dennis Stowell, Co-Chairman

